



**REVIEW OF INDEPENDENT AUDITS OF
FIRE PROTECTION DISTRICTS
IN ST. LOUIS COUNTY**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-32
April 12, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2001

www.auditor.state.mo.us

The annual review of audits of fire protection districts in St. Louis County has been completed. This review covered reports for the year ended December 31, 1999.

The State Auditor received, reviewed and accepted twenty-one reports for the year ended December 31, 1999. Fire Protection Districts are required to have a biennial audit performed if revenues exceed \$50,000.

At December 31, 1999, there were twenty-three fire protection districts in St. Louis County. Financial information was not received from the Kinloch Fire Protection District for 1999 as required, however, reported receipts of \$23,482 in 1998, indicate a biennial audit was not necessary. A copy of an engagement letter for the Pattonville/Bridgeton Terrace Fire Protection District indicated the district had contracted with an independent auditor for an audit of the year ended December 31, 1999. However, the district later informed the State Auditor's office that they had terminated the services of this auditor and have elected to have a biennial audit for the two years ended December 31, 2000.

In 1999, fourteen of twenty-one districts had increases in their General Fund balances. Since 1991, the General Fund balances of fire districts overall have increased between five and fifteen percent annually. The following chart shows recent years' aggregate information.

General Fund				
	Total	Total	Total	
	Revenues	Expenditures	Fund Balances	
1991	\$ 48,915,503	44,395,868	52,480,031	
1992	52,295,317	47,537,634	57,237,714	
1993	53,989,806	48,373,722	62,853,798	
1994	57,135,381	51,965,982	68,023,197	
1995	61,991,961	54,654,061	75,361,097	
1996	68,187,085	57,186,465	86,361,717	
1997	69,541,710	62,514,665	93,388,762	
1998	74,948,907	66,937,792	101,399,877	
1999	71,737,459 *	66,881,768 *	106,255,568	

* These revenue and expenditure amounts do not include Pattonville/Bridgeton Terrace Fire Protection District while the Fund Balance total includes its 1998 ending fund balance.

(over)

YELLOW SHEET

In previous reviews it was noted that several districts had large General Fund balances in relation to expenditures. Twelve districts reserved a portion of their 1999 fund balance for new firehouses, additional equipment, future years' operations and other uses. The following chart shows the total fund balance to General Fund expenditures ratio as well as the ratio of unreserved fund balance to expenditures ratio.

Ratio of Fund Balance to General Expenditures

Fire District	Total Fund Balance	Unreserved Fund Balance
Affton	1.47	1.25
Black Jack	1.10	1.10
Chesterfield	1.81	0.65
Community	0.96	0.04
Creve Coeur	3.45	1.79
Eureka	0.69	0.69
Fenton	1.20	1.11
Florissant Valley	1.23	0.98
Lemay	0.49	0.49
Maryland Heights	2.59	2.34
Mehlville	1.60	1.08
Metro West	0.88	0.03
Mid-County	0.83	0.83
Moline	0.90	0.90
Normandy	1.25	1.04
Pattonville/Bridgeton Terrace	(Note 6)	
Riverview	1.34	0.28
Robertson	1.67	1.67
Spanish Lake	1.12	1.12
Valley Park	1.54	1.54
West County	1.60	0.37
West Overland	1.32	1.32

Since property tax is the main source of revenue, and is received at the end of each year, districts need larger fund balances to provide an adequate cash flow. For those that have reserved a portion of their fund balance, the ratios have decreased; however, ten districts still have unreserved fund balances greater than one year's cost of operations and one district has unreserved fund balances greater than two year's cost of operations. In addition, seven districts have cash and investment balances at year end that exceed total expenditures for the year. The fire districts must continue to evaluate the propriety of their tax levies to ensure that excess revenues are not being received and accumulated.

Also included in the report are specific recommendations made by the independent auditors to improve the overall management of the fire districts. These recommendations included concerns regarding segregation of duties, receipts and purchasing procedures, fixed assets, payroll, budgets, and pension plans. The individual districts should review these recommendations and their applicability to their district.

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION
DISTRICTS IN ST. LOUIS COUNTY

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
Boards of Directors of Fire Protection
Districts in St. Louis County

We have conducted a special review of independent audits of the fire protection districts in St. Louis County as required by Section 321.690, RSMo 2000. The purposes of this review were to:

1. Evaluate the impact of statutory audit requirements and State Auditor's regulations on the effectiveness of financial reporting and auditing for fire protection districts in St. Louis County.
2. Assess the degree of compliance by these districts with statutory audit requirements and the State Auditor's regulations.
3. Bring to the attention of the various fire districts and independent auditors any specifically identifiable reporting deficiencies which should be taken into consideration and corrected in future audit reports.
4. Summarize and evaluate the financial data presented for the various fire districts.
5. Summarize and review the comments for improvement made by the independent auditors for the various districts.

Section 321.690, RSMo 2000, requires all fire protection districts with revenues in excess of \$50,000 annually to cause an audit to be performed on a biennial basis. For those districts with annual revenues of less than \$50,000, the State Auditor may exempt the district from the audit requirement if the appropriate reports are filed.

For those districts for which an audit is required, the district must file a copy of the completed audit report and management letter with the State Auditor within six months after the close of the fiscal year. The audit reports and management letters are reviewed to determine that they are prepared according to guidelines contained within the Code of State Regulations (CSR) (Section 15 CSR 40-4). Any weaknesses noted during the review are communicated to the districts

by letter. Should the weaknesses be of a serious enough nature to require the report to be amended, the district is granted a ninety-day period from the date of notification by the State Auditor to correct the report. The State Auditor accepted all of the reports that were received for the year ended December 31, 1999.

During our review, we considered Section 321.690, RSMo 2000, and 15 CSR 40-4 (which are presented in Appendices B and C), and audit reports submitted to the State Auditor by the various fire districts for the year ended December 31, 1999. In addition, financial data for the year ended December 31, 1998, has been presented for comparative purposes. Because some data presented in the schedules and appendices was compiled from information submitted by the various fire districts and their independent auditors and was not verified by us via additional audit procedures, we express no opinion on the schedules and appendices.

Our review was limited to the specific matters described above and was based on procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

Some problems were noted in our review of the fire protection district's audit reports and the compliance deficiencies are summarized on Schedule 10. The problems noted included, the failure to submit complete reports with management letters to the State Auditor's office (SAO) by the date required, the failure to include some needed compliance recommendations in the management letters, and the lack of complete and adequate footnote disclosures.

To better determine the quality of the fire district audits, we reviewed the supporting working papers of various independent auditors' reports for the year ended December 31, 1999. The information contained in the working papers constitutes the principal record of work the auditor has accomplished and provides evidence for conclusions that he has reached concerning significant matters. Generally Accepted Governmental Auditing Standards (GAGAS) require that a written record of the auditor's work be retained. However, some auditors' working papers need to be improved.

For 1999, fourteen of twenty-one districts had increases in their General Fund balances. The aggregate General Fund balance of all districts increased by five percent in 1999. Since 1991, the General Fund balances of fire districts overall have increased between five and fifteen percent annually.

The following chart shows recent years' aggregate information.

		<u>General Fund</u>		
		<u>Total</u>	<u>Total</u>	<u>Total</u>
		<u>Revenues</u>	<u>Expenditurees</u>	<u>Fund Balances</u>
1991	\$	48,915,503	44,395,868	52,480,031
1992		52,295,317	47,537,634	57,237,714
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1999		71,737,459 *	66,881,768 *	106,255,568

* These revenue and expenditure amounts do not include Pattonville/ Bridgeton Terrace Fire Protection District while the Fund Balance total includes its 1998 ending fund balance.

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Ratio of Fund Balance to General Expenditures

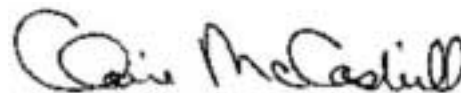
<u>Fire District</u>	<u>Total Fund Balance</u>	<u>Unreserved Fund Balance</u>
Affton	1.47	1.25
Black Jack	1.10	1.10
Chesterfield	1.81	0.65
Community	0.96	0.04
Creve Coeur	3.45	1.79
Eureka	0.69	0.69
Fenton	1.20	1.11
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Maryland Heights	2.59	2.34
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Metro West	0.88	0.03
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Normandy	1.25	1.04
Pattonville/Bridgeton Terrace	(Note 6)	
Riverview	1.34	0.28
Robertson	1.67	1.67
Spanish Lake	1.12	1.12
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As shown in Appendix A, independent auditors made specific recommendations to improve the overall management of fire districts. Recommendations included concerns regarding segregation of duties, receipts and purchasing procedures, various accounting records, investments, fixed assets, payroll, pledged securities, unclaimed property and other various policies and procedures. In addition, recommendations were made concerning budgets and pension plans. Each fire district

should review all recommendations and the applicability to their individual district. Consideration should be given by individual districts to have their independent auditor review any areas where risk and citizen concern may be evident.

The State Auditor's office has performed reviews of fire protection districts' annual reports for several years and many improvements have been noted. It appears that the fire protection districts, on the whole, are working to improve the quality of their financial reporting. We solicit from the readers of this report any suggestions for changes or requests for other new information which may be of benefit to those involved with the St. Louis County fire protection districts.

A handwritten signature in dark ink, appearing to read "Claire C. McCaskill". The signature is fluid and cursive, with the first name "Claire" being more prominent than the last name "McCaskill".

Claire C. McCaskill
State Auditor

February 14, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA, CIA
Audit Staff:	M. Williams

SCHEDULES

NOTES TO THE SCHEDULES

Schedule 1

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 GENERAL FUNDS

District	Year Ended December 31,							
	1998				1999			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments (Note 2)	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 2,525,342	2,361,227	2,025,925	2,860,644	0	2,451,211	2,151,983	3,159,872
Black Jack	3,033,893	3,139,934	2,970,241	3,203,586	0	3,430,980	3,163,397	3,471,169
Chesterfield	7,792,186	6,919,189	5,482,635	9,228,740	241,593	7,531,579	6,046,897	10,955,015
Community	3,813,074	3,383,051	3,628,658	3,567,467	0	3,381,559	3,542,773	3,406,253
Creve Coeur	15,633,026	6,648,474	5,478,461	16,803,039	0	6,666,695	5,276,341	18,193,393
Eureka	672,336	1,399,174	1,311,556	759,954	0	1,377,036	1,267,203	869,787
Fenton	3,965,087	3,332,970	2,784,197	4,513,860	0	3,330,574	3,558,330	4,286,104
Florissant Valley	4,395,697	3,814,149	3,642,615	4,567,231	0	3,439,217	3,591,414	4,415,034
Lemay	760,751	1,334,127	1,388,255	706,623	0	1,324,122	1,364,238	666,507
Maryland Heights	7,754,647	5,067,764	3,645,591	9,176,820	0	4,533,323	3,818,680	9,891,463
Mehlville	11,546,511	9,846,233	8,226,687	13,166,057	0	10,340,463	9,041,680	14,464,840
Metro West	6,938,566	6,482,843	6,137,379	7,284,030	(305,892)	6,832,763	7,356,406	6,454,495
Mid-County	1,502,626	1,638,300	1,591,097	1,549,829	0	1,572,622	1,704,492	1,417,959
Moline	1,127,471	1,269,969	1,237,897	1,159,543	0	1,305,531	1,296,850	1,168,224
Normandy	2,225,009	1,669,204	1,495,794	2,398,419	0	1,710,582	1,827,345	2,281,656
Pattonville/Bridgeton Terrace	4,164,888	4,089,143	4,631,171	3,622,860		(Note 6)		
Riverview	1,789,938	1,510,038	1,434,132	1,865,844	0	1,518,286	1,446,053	1,938,077
Robertson	3,070,081	2,675,702	1,802,693	3,943,090	0	2,599,888	2,447,100	4,095,878
Spanish Lake	1,985,094	1,891,332	1,895,249	1,981,177	0	1,891,119	1,825,789	2,046,507
Valley Park	1,532,312	1,070,352	1,251,198	1,351,466	0	1,140,205	980,135	1,511,536
West County EMS	5,624,500	4,088,825	3,572,889	6,140,436	0	4,102,535	3,935,121	6,307,850
West Overland	1,535,727	1,316,907	1,303,472	1,549,162	0	1,321,468	1,239,541	1,631,089
Total	\$ 93,388,762	74,948,907	66,937,792	101,399,877	(64,299)	71,801,758	66,881,768	102,632,708

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 2

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 SPECIAL REVENUE - AMBULANCE

District	Year Ended December 31,							
	1998				1999			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments (Note 2)	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 710,107	739,347	703,235	746,219	0	824,246	746,653	823,812
Black Jack	0	0	0	0	0	0	0	0
Chesterfield	4,302,645	4,032,934	3,319,863	5,015,716	147,640	4,337,338	4,163,817	5,336,877
Community	982,397	1,092,876	1,060,202	1,015,071	0	1,092,383	1,062,128	1,045,326
Creve Coeur	0	2,034,365	1,729,955	304,410	0	2,069,307	2,137,577	236,140
Eureka	734,235	710,663	650,492	794,406	0	637,223	707,781	723,848
Fenton	2,588,200	1,978,234	1,836,248	2,730,186	0	1,922,237	2,261,312	2,391,111
Florissant Valley	419,402	277,007	323,169	373,240	0	879,269	231,256	1,021,253
Lemay	364,832	473,417	427,497	410,752	0	526,068	506,344	430,476
Maryland Heights	(964,376)	907,326	809,444	(866,494)	0	968,481	1,089,077	(987,090)
Mehlville	3,636,044	3,278,693	3,040,711	3,874,026	0	3,324,812	3,344,839	3,853,999
Metro West	3,001,634	3,188,592	3,014,170	3,176,056	(185,193)	3,488,020	3,248,126	3,230,757
Mid-County	118,193	221,337	275,500	64,030	0	204,229	306,000	(37,741)
Moline	0	0	0	0	0	0	0	0
Normandy	457,516	460,146	450,566	467,096	0	581,213	544,829	503,480
Pattonville/Bridgeton Terrace	1,092,840	1,500,866	1,513,679	1,080,027		(Note 6)		
Riverview	0	0	0	0	0	0	0	0
Robertson	211,652	803,705	930,481	84,876	0	1,227,228	1,312,102	2
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	483,044	480,711	473,190	490,565	0	516,525	468,398	538,692
West County EMS	1,788,082	1,745,602	1,398,445	2,135,239	0	1,805,654	1,615,736	2,325,157
West Overland	350,132	451,081	426,355	374,858	0	567,366	687,770	254,454
Total	\$ 20,276,579	24,376,902	22,383,202	22,270,279	(37,553)	24,971,599	24,433,745	21,690,553

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 3

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 SPECIAL REVENUE FUND - DISPATCHING

District	Year Ended December 31,							
	1998				1999			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments (Note 2)	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 115,951	107,793	101,585	122,159	0	112,081	107,677	126,563
Black Jack	80,108	225,963	195,720	110,351	0	161,869	186,162	86,058
Chesterfield	418,889	365,110	351,391	432,608	13,420	382,993	533,430	295,591
Community	10	127,053	127,053	10	0	127,339	127,339	10
Creve Coeur	0	276,272	276,272	0	0	279,864	279,864	0
Eureka	0	52,098	52,098	0	0	52,964	52,964	0
Fenton	612,689	269,021	216,574	665,136	0	264,734	238,337	691,533
Florissant Valley	234,951	129,858	122,912	241,897	0	126,538	114,370	254,065
Lemay	95,704	28,801	79,799	44,706	0	28,980	48,087	25,599
Maryland Heights	0	184,652	184,652	0	0	287,527	182,703	104,824
Mehlville	689,224	496,527	411,397	774,354	0	505,209	447,076	832,487
Metro West	233,410	314,606	312,081	235,935	(18,520)	336,782	406,234	147,963
Mid-County	0	56,481	56,481	0	0	52,276	52,276	0
Moline	0	30,340	30,339	1	0	31,147	31,148	0
Normandy	0	62,317	62,317	0	0	63,038	63,038	0
Pattonville/Bridgeton Terrace	5,540	196,460	187,087	14,913		(Note 6)		
Riverview	0	47,007	47,007	0	0	47,410	47,410	0
Robertson	0	127,882	127,882	0	0	113,716	113,716	0
Spanish Lake	39,102	56,913	51,876	44,139	0	57,228	64,941	36,426
Valley Park	42,304	46,652	48,836	40,120	0	49,763	51,657	38,226
West County EMS	103,109	153,764	155,893	100,980	0	159,033	190,921	69,092
West Overland	59	65,516	65,516	59	0	65,516	65,516	59
Total	\$ 2,671,050	3,421,086	3,264,768	2,827,368	(5,100)	3,306,007	3,404,866	2,708,496

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 4

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF ADDITIONS, DEDUCTIONS, AND FUND BALANCE -
 FIDUCIARY FUNDS(PENSION FUND)

District	Year Ended December 31,							
	1998				1999			
	Beginning Fund Balance	Additions	Deductions	Ending Fund Balance	Adjustments (Note 2)	Additions	Deductions	Ending Fund Balance
Afton	\$ 5,488,474	713,372	140,674	6,061,172	0	298,502	574,917	5,784,757
Black Jack	2,861,835	647,796	33,286	3,476,345	0	641,580	1,848,325	2,269,600
Chesterfield	18,858,333	2,530,943	817,594	20,571,682	44,740	4,815,033	794,114	24,637,341
Community	6,288,890	943,319	797,241	6,434,968	0	961,815	71,301	7,325,482
Creve Coeur	13,946,403	3,871,067	791,903	17,025,567	0	3,832,718	1,932,681	18,925,604
Eureka	1,747,300	300,022	33,245	2,014,077	0	307,596	33,827	2,287,846
Fenton	13,518,055	2,048,417	1,437,821	14,128,651	0	1,699,684	1,833,652	13,994,683
Florissant Valley	3,414,720	979,413	108,640	4,285,493	0	849,149	411,915	4,722,727
Lemay	134,734	134,081	137,730	131,085	0	133,833	123,372	141,546
Maryland Heights	6,623,639	1,732,519	131,914	8,224,244	0	2,176,373	66,129	10,334,488
Mehlville	31,208,158	4,089,598	2,318,774	32,978,982	0	3,157,209	1,520,796	34,615,395
Metro West	10,351,196	4,178,599	1,379,258	13,150,537	1,041,932	3,556,600	298,787	17,450,282
Mid-County	1,480,029	298,824	209,837	1,569,016	0	339,033	763,775	1,144,274
Moline	2,446,211	403,171	11,211	2,838,171	0	297,671	65,792	3,070,050
Normandy	1,395,719	323,880	56,544	1,663,055	0	312,279	1,777,995	197,339
Pattonville/Bridgeton Terrace	7,467,962	1,406,285	757,860	8,116,387		(Note 6)		
Riverview	2,014,263	248,743	26,881	2,236,125	0	438,601	36,999	2,637,727
Robertson	3,525,435	944,526	20,321	4,449,640	0	1,390,312	372,674	5,467,278
Spanish Lake	3,608,695	695,054	11,074	4,292,675	0	1,392,387	8,587	5,676,475
Valley Park	1,236,248	232,502	92,616	1,376,134	0	191,044	450,850	1,116,328
West County EMS	12,257,142	1,782,401	12,435,129	1,604,414	0	572,125	484,902	1,691,637
West Overland	4,047,563	914,273	135,014	4,826,822	0	858,217	656,423	5,028,616
Total	\$ 153,921,004	29,418,805	21,884,567	161,455,242	1,086,672	28,221,761	14,127,813	168,519,475

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 5

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCE -
 CAPITAL PROJECT FUNDS

District	Year Ended December 31,							
	1998				1999			
	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Adjustments (Note 2)	Revenues	Expenditures	Ending Fund Balance
Affton	\$ 0	0	0	0	0	0	0	0
Black Jack	311,916	14,753	16,964	309,705	0	92,501	0	402,206
Chesterfield	35,749	9,427	10,820	34,356	0	447,369	152,855	328,870
Community	0	0	0	0	0	0	0	0
Creve Coeur	0	0	0	0	0	0	0	0
Eureka	333,850	307,365	267,423	373,792	0	3,840,254	457,597	3,756,449
Fenton	0	0	0	0	0	0	0	0
Florissant Valley	0	0	0	0	0	0	0	0
Lemay	0	0	0	0	0	0	0	0
Maryland Heights	(65,373)	0	1	(65,374)	0	0	0	(65,374)
Mehlville	1,056,464	134,416	919,401	271,479	0	13,563	1,600	283,442
Metro West	1,513,600	2,030,890	2,479,421	1,065,069	0	2,459,384	1,903,635	1,620,818
Mid-County	0	0	0	0	0	0	0	0
Moline	96,759	1,715	36,633	61,841	0	1,225	11,093	51,973
Normandy	13,595	0	0	13,595	0	0	13,595	0
Pattonville/Bridgeton Terrace	0	0	0	0		(Note 6)		
Riverview	0	0	0	0	0	0	0	0
Robertson	0	0	0	0	0	0	0	0
Spanish Lake	0	0	0	0	0	0	0	0
Valley Park	0	0	0	0	0	0	0	0
West County EMS	0	0	0	0	0	0	0	0
West Overland	0	0	0	0	0	0	0	0
Total	\$ 3,296,560	2,498,566	3,730,663	2,064,463	0	6,854,296	2,540,375	6,378,384

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 6

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
 SCHEDULE OF BOND OBLIGATIONS (NOTE 3)
 YEAR ENDED DECEMBER 31, 1999

District	Fund Balance December 31, 1998	Revenues	Expenditures and Transfers Out	Fund Balance December 31, 1999	2000 Obligations	Outstanding Bonds at December 31, 1999
Affton	\$ 0	0	0	0	0	0
Black Jack	0	0	0	0	0	0
Chesterfield	791,285	538,129	421,847	907,567	413,288	3,000,000
Community	0	0	0	0	0	0
Creve Coeur	0	0	0	0	0	0
Eureka	355,539	272,705	202,887	425,357	270,591	3,675,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	0	0	0	0	0
Lemay	272,251	188,245	151,310	309,186	177,687	885,000
Maryland Heights	498,613	292,474	267,995	523,092	272,728	770,000
Mehlville	0	0	0	0	0	0
Metro West	0	0	0	0	0	0
Mid-County	86,316	2,907	73,794	15,429	0	0
Moline	113,675	74,362	66,563	121,474	64,633	175,000
Normandy	106,781	64,052	68,806	102,027	69,500	315,000
Pattonville/Bridgeton Terrace	154,875			(Note 6)		
Riverview	0	0	0	0	0	0
Robertson	0	0	0	0	0	0
Spanish Lake	0	0	0	0	0	0
Valley Park	115,024	68,086	66,131	116,979	69,248	465,000
West County EMS	0	0	0	0	0	0
West Overland	0	0	0	0	0	0
Total	\$ 2,494,359	1,500,960	1,319,333	2,521,111	1,337,675	9,285,000

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 7

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF GENERAL FIXED ASSETS

District	December 31, 1999			December 31, 1998
	Land and Building	Furniture and Equipment	Total	Total
Affton	\$ 406,082	1,344,696	1,750,778	1,761,350
Black Jack	741,299	1,407,416	2,148,715	2,115,441
Chesterfield	9,487,906	4,020,370	13,508,276	13,143,241
Community	268,886	1,462,087	1,730,973	1,637,062
Creve Coeur	2,638,963	3,440,327	6,079,290	5,931,014
Eureka	2,167,956	1,288,213	3,456,169	2,987,916
Fenton	2,987,719	2,232,846	5,220,565	4,272,814
Florissant Valley	1,322,985	1,453,295	2,776,280	2,631,002
Lemay	1,776,720	750,263	2,526,983	2,686,078
Maryland Heights	3,512,257	2,748,889	6,261,146	6,077,178
Mehlville	4,882,197	6,115,226	10,997,423	10,787,715
Metro West	8,553,689	6,709,497	15,263,186	13,526,584
Mid-County	759,220	946,256	1,705,476	1,677,114
Moline	181,912	654,101	836,013	818,993
Normandy	767,266	1,297,167	2,064,433	1,751,841
Pattonville/Bridgeton Terrace		(Note 6)		5,620,106
Riverview	1,113,510	710,751	1,824,261	1,829,573
Robertson	1,396,943	1,598,900	2,995,843	2,897,553
Spanish Lake	637,088	797,509	1,434,597	1,340,599
Valley Park	1,083,884	1,212,513	2,296,397	2,290,763
West County EMS	1,603,944	2,702,468	4,306,412	4,115,188
West Overland	220,944	1,083,031	1,303,975	1,192,641
Total	\$ 46,511,370	43,975,821	90,487,191	91,091,766

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 8

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY
SCHEDULE OF ASSESSED VALUATION AND TAX LEVIES
YEARS ENDED DECEMBER 31, 1999 AND 1998

Tax Levy Per \$100 of Assessed Valuation														
District	Assessed Valuation		Total		General		Pension		Dispatching		Ambulance		Debt Service	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Affton	\$ 339,024,117	325,161,088	0.94	0.94	0.64	0.64	0.07	0.07	0.03	0.03	0.20	0.20	0.00	0.00
Black Jack	428,213,108	415,186,551	0.89	0.79	0.75	0.65	0.10	0.10	0.04	0.04	0.00	0.00	0.00	0.00
Chesterfield	1,278,056,771	1,184,644,239	1.02	1.03	0.53	0.53	0.10	0.10	0.03	0.03	0.32	0.33	0.04	0.04
Community	432,164,759	408,213,428	1.13	1.13	0.75	0.75	0.10	0.10	0.03	0.03	0.25	0.25	0.00	0.00
Creve Coeur	927,501,400	890,267,492	1.01	1.02	0.61	0.62	0.15	0.15	0.03	0.03	0.22	0.22	0.00	0.00
Eureka	197,153,982	167,783,627	1.29	1.28	0.72	0.74	0.10	0.10	0.03	0.03	0.29	0.30	0.15	0.11
Fenton	743,468,719	737,328,514	0.74	0.74	0.38	0.38	0.10	0.10	0.03	0.03	0.23	0.23	0.00	0.00
Florissant Valley	567,092,293	544,628,341	0.82	0.71	0.55	0.55	0.10	0.10	0.02	0.02	0.15	0.04	0.00	0.00
Lemay	131,537,245	128,185,495	1.48	1.48	0.99	0.99	0.10	0.10	0.02	0.02	0.23	0.23	0.14	0.14
Maryland Heights	521,420,613	509,614,246	1.15	1.13	0.80	0.80	0.13	0.13	0.05	0.03	0.11	0.11	0.06	0.06
Mehlville	1,506,468,492	1,427,994,504	0.92	0.92	0.58	0.58	0.10	0.10	0.03	0.03	0.21	0.21	0.00	0.00
Metro West	1,029,590,800	1,027,484,895	1.03	1.03	0.59	0.59	0.11	0.11	0.03	0.03	0.30	0.30	0.00	0.00
Mid-County	119,553,938	122,192,326	1.28	1.28	1.00	1.00	0.10	0.10	0.03	0.03	0.15	0.15	0.00	0.00
Moline	102,363,101	99,730,935	1.50	1.50	1.25	1.25	0.15	0.15	0.03	0.03	0.00	0.00	0.07	0.07
Normandy	164,035,767	164,415,824	1.45	1.39	0.98	0.95	0.10	0.10	0.04	0.04	0.30	0.27	0.03	0.03
Pattonville/Bridgeton Terrace	579,571,493	510,411,817	1.22	1.22	0.75	0.75	0.15	0.15	0.04	0.05	0.25	0.25	0.03	0.02
Riverview	120,459,676	118,425,786	1.40	1.40	1.25	1.25	0.11	0.11	0.04	0.04	0.00	0.00	0.00	0.00
Robertson	175,037,160	172,065,951	1.40	1.25	0.77	0.81	0.20	0.15	0.04	0.04	0.39	0.25	0.00	0.00
Spanish Lake	143,433,436	140,630,672	1.44	1.44	1.25	1.25	0.15	0.15	0.04	0.04	0.00	0.00	0.00	0.00
Valley Park	162,269,126	151,857,305	1.12	1.13	0.65	0.66	0.10	0.10	0.03	0.03	0.30	0.30	0.04	0.04
West County EMS	508,433,526	486,083,879	0.62	0.62	0.38	0.38	0.05	0.05	0.03	0.03	0.16	0.16	0.00	0.00
West Overland	168,044,850	147,522,277	1.12	1.15	0.69	0.71	0.15	0.15	0.04	0.04	0.24	0.25	0.00	0.00

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 9

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUN
COMPARATIVE SCHEDULE OF FEES FOR AUDIT SERVICES (NOTE 4)

District	1999 Audit Fees	1998 Audit Fees	Independent Auditor
Affton	5,400	6,600	Same
Black Jack	6,900	6,800	Same
Chesterfield	9,000	14,000	Different
Community	4,100	3,900	Same
Creve Coeur	12,500	12,000	Same
Eureka	3,925	3,750	Same
Fenton	6,400	5,460	Same
Florissant Valley	4,600	4,567	Same
Lemay	3,450	2,940	Same
Maryland Heights	4,865	4,500	Same
Mehlville	8,900	10,400	Same
Metro West	12,235	8,250	Different
Mid-County	4,000	4,000	Same
Moline	3,875	3,775	Same
Normandy	6,451	4,275	Same
Pattonville/Bridgeton Terrace	(Note 6)	4,250	
Riverview	2,100	2,060	Same
Robertson	4,733	4,500	Same
Spanish Lake	5,000	5,000	Same
Valley Park	5,475	5,900	Same
West County EMS	5,000	5,000	Same
West Overland	4,035	3,900	Same

The accompanying Notes to the Schedules are an integral part of this schedule.

Schedule 10

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST LOUIS COUNTY
SUMMARY OF COMPLIANCE DEFICIENCIES NOTED CONCERNING 15 CSR 40
YEAR ENDED DECEMBER 31, 1999

Description of Deficiencies	Title	Number of Errors		Number of Applicable Reports		Percent
Audit report was not submitted by June 30, 2000 (within the first week of July).	15 CSR 40-4.010	2		21	*	10%
Appropriate footnote disclosures were not included.	15 CSR 40-4.030	10	**	21	*	48%
Some needed comments and recommendations were not included in the management letter.	15 CSR 40-4.030	9	***	21	*	43%

* One district is having a two year audit, see Note 6.

** Although the audit reports contained most of the necessary footnotes, we noted various deficiencies regarding appropriate footnote disclosure including the following areas: component units, statutory violations, and property taxes.

*** Some problems noted that apparently should have been reported in the management letters include: deficit budgeting, and overspending the budgets.

The accompanying Notes to the Schedules are an integral part of this schedule.

NOTES TO THE SCHEDULES

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS
IN ST. LOUIS COUNTY
NOTES TO THE SCHEDULES

1. Significant Information

A. General

At December 31, 1999, there were twenty-three fire protection districts in St. Louis County. Districts are required to have a biennial audit performed if revenues exceed \$50,000. We did not receive financial information from the Kinloch Fire Protection District as requested. The Kinloch Fire Protection District reported receipts of \$23,482 in 1998, therefore, a biennial audit was not required. Pattonville/Bridgeton Terrace Fire Protection District has elected to have a biennial audit for the two years ended December 31, 2000.

Upon completion of the audit, copies of the report and management letter are to be submitted to the State Auditor for review. Twenty-one audits have been received and reviewed.

B. Schedules

Information included in these schedules was compiled from the audit reports, management letters, questionnaires, etc., received from the St. Louis County fire protection districts.

In analyzing these schedules, some disparity will result due to the different methods of presenting essentially the same information.

Reasons for some problems in comparison are:

- 1) The pension fund is presented differently by the fire districts. Nine districts offer defined contribution plans and six offer defined benefit plans. Six districts offer both types.
- 2) Some districts may have major bond issues and related capital project funds.
- 3) Some districts collect user fees and others may not.
- 4) Some districts have significant transfers to and from funds which causes disparity in comparison.
- 5) Some districts account for capital improvements and large asset purchases in the General Fund while others have a Capital Projects Fund.

The schedules presented are as follows:

Schedule 1 presents revenues, expenditures, and fund balance for the General Funds in a combined format.

Schedule 2 presents revenues, expenditures, and fund balance for the Ambulance Funds in a combined format.

Schedule 3 presents revenues, expenditures, and fund balance for the Dispatching Funds in a combined format.

Schedule 4 presents additions, deductions, and fund balance for the fiduciary funds (Pension Funds) in a combined format.

Schedule 5 presents revenues, expenditures, and fund balance for the Capital Project Funds in a combined format.

Interfund and equity transfers are included in the revenue and expenditure numbers on Schedules 1, 2, 3, 4 and 5. (See also Note 8)

Schedule 6 presents the operations of the Debt Service Fund for the year ended December 31, 1999, the amount of bonds outstanding, and the obligations of the districts for 2000.

Schedule 7 presents the General Fixed Asset balances of the districts at December 31, 1999, with comparative totals of general fixed assets at December 31, 1998.

Schedule 8 presents the assessed valuations of the individual fire protection districts as well as tax levies for each of the districts' various funds as reported in the audit reports. Small differences were noted in the assessed valuations presented in the audit reports and the amounts submitted by the district to the State Auditor's office. The Mid-County Fire Protection District levied .02 in excess of the General Revenue Fund levy approved by the State Auditor's Office in 1999, 1998, 1997 and 1996. In addition, in 1999, Metro West Fire Protection District levied .01 in excess of the General Revenue Fund levy approved by the State Auditor's Office and Pattonville-Bridgeton Terrace Fire Protection District levied .04 in excess of the General Revenue Fund levy and .01 in excess of the Ambulance Fund levy approved by the State Auditor's Office.

Schedule 9 is a listing of the audit fees for each fire protection district. This information was obtained from a questionnaire sent to the districts.

Schedule 10 is a listing of deficiencies noted regarding compliance with State auditor's regulation 15 CSR 40.

C. Methods of Accounting

All governmental type funds (General Fund, Capital Projects Fund, Special Revenue Fund, Debt Service Fund, etc.) are to be accounted for on the modified accrual basis. The modified accrual basis recognizes revenues in the period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred.

All proprietary funds and certain fiduciary funds are to be accounted for on the accrual basis. The accrual basis recognizes revenues when they are earned and expenses when they are incurred.

The Pension Fund is an example of a fiduciary fund that is to be accounted for on the accrual basis. In addition, Pension Fund assets (investments held outside the fire district) are to be reported at market value as fund assets on the balance sheet.

All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that financed the acquisition or construction and are capitalized in the General Fixed Assets Account Group. Purchased fixed assets are capitalized at historical cost or at estimated historical cost if actual historical cost is not available.

Depreciation is usually not provided on general fixed assets; however, the Black Jack Fire Protection District did provide for depreciation over the useful lives of the general fixed assets. The total accumulated depreciation through December 31, 1999, was \$885,907.

D. Funds

Fire protection districts may not always have the same number of funds. Funds that a district may have and their intended purpose are as follows:

General Fund: The General Fund is the general operating fund of the district and is used to account for all resources except those accounted for in other funds.

Ambulance Fund: This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted for ambulance operations. In addition, some districts receive contract revenues and ambulance fees.

Dispatching Fund: This fund is a special revenue fund which is used to account for the proceeds of a special tax levy which is restricted to the purchasing of dispatching services. This is commonly accomplished by means of a contractual agreement with outside entities which provide dispatching services for several districts.

Capital Projects Fund: This fund is used to account for the revenues and expenditures needed to finance the acquisition or construction of capital assets and improvements.

Debt Service Fund: This fund accounts for the accumulation of resources for the payment of general long-term debt principal and interest.

Pension Fund: This fiduciary fund accounts for assets held in trust by the fire district or by an outside agency for the payment of retirement benefits and long-term disability benefits to eligible fire fighters. The fund's primary source of revenue is property taxes. The Pattonville - Bridgeton Terrace Fire Protection District Pension Fund includes Deferred Compensation agency funds as well as pension monies in 1998.

2. Audit Adjustments

Audit adjustments to the ending fund balance for the various funds at December 31, 1998, were made by the independent certified public accountants for the following fire districts.

Fire District	Amount	Reason
<u>General Fund</u>		
Chesterfield	\$ <u>241,593</u>	To adjust for delinquent taxes received within sixty days of year-end which were not recognized as revenue for the year ended December 31, 1998.
Metro West	\$ <u>(305,892)</u>	To adjust the beginning fund equity to properly reflect taxes receivable at the end of the prior year.
<u>Ambulance Fund</u>		
Chesterfield	\$ <u>147,640</u>	To adjust for delinquent taxes received within sixty days of year-end which were not recognized as revenue for the year ended December 31, 1998.
Metro West	\$ <u>(185,193)</u>	To adjust the beginning fund equity to properly reflect taxes receivable at the end of the prior year.
<u>Dispatch Fund</u>		
Chesterfield	\$ <u>13,420</u>	To adjust for delinquent taxes received within sixty days of year-end which were not recognized as revenue for the year ended December 31, 1998.
Metro West	\$ <u>(18,520)</u>	To adjust the beginning fund equity to properly reflect taxes receivable at the end of the prior year.
<u>Pension Fund</u>		
Chesterfield	\$ <u>44,740</u>	To adjust for delinquent taxes received within sixty days of year-end which were not recognized as revenue for the year ended December 31, 1998, and to adjust for salary expenditures of disabled individuals which were paid from the Welfare Benefit Fund instead of the Pension Fund.
Metro West	\$ <u>(67,967)</u>	To adjust the beginning fund equity to properly reflect taxes receivable at the end of the prior year.
	<u>1,109,899</u>	To adjust the beginning fund equity for the effect of a payable recorded in the prior year which should not have been reflected on the financial statements.
Total	\$ <u>1,041,932</u>	

3. Outstanding Bond Obligations

Schedule 6 shows the revenues, expenditures and fund balance of the fire protection districts' Debt Service Funds. The legal debt limit for a fire protection district is five percent of the fire protection districts' assessed valuation. The reports submitted show that all fire protection districts had debt outstanding that was within their statutory limits. The 2000 obligation amount includes principal and interest amounts due for all districts.

4. Independent Audits

During 1999, one independent auditor performed eight audits, two performed three audits, one performed two audits, and five independent auditors each performed one audit.

5. Compensation Of Directors

The independent audit reports included the names of the principal officeholders during the year ended December 31, 1999 and 1998 and the compensation received by each official in the performance of his or her duty as established by Section 321.190, RSMo 2000. Although there were instances when more than three names would be listed, each of the fire districts had three director positions. When more than three names were listed, it was due to a change in the officials serving on the board.

The following is a list of total compensation paid to directors by each district:

Total Compensation Paid			
District		1999	1998
Affton	\$	7,950	6,900
Black Jack		10,250	8,450
Chesterfield		15,250	16,617
Community		17,883	17,600
Creve Coeur		17,600	17,600
Eureka		7,000	7,000
Fenton		10,800	11,000
Florissant Valley		17,400	17,600
Lemay		9,400	8,700
Maryland Heights		13,877	12,800
Mehlville		16,775	16,433
Metro West		13,050	11,750
Mid-County		17,657	14,681
Moline		20,300	17,600
Normandy		11,458	10,200
Pattonville/Bridgeton Terrace	(Note 6)	17,600	
Riverview		17,612	17,117
Robertson		14,450	17,600
Spanish Lake		17,600	17,600
Valley Park		11,208	11,900
West County EMS		18,200	16,208
West Overland		17,614	17,614

6. Biennial Audits

Section 321.690, RSMo 2000, requires the fire districts to have biennial audits. We received a copy of an engagement letter indicating Pattonville/Bridgeton Terrace Fire Protection District had contracted with a CPA for an audit for the year ended December 31, 1999. However, the district indicated to the State Auditor's Office that they had terminated the services of this CPA and have elected to have a biennial audit covering the two years ended December 31, 2000. As such, no information has been presented in this report for the year ended December 31, 1999.

7. Kinloch Fire Protection District

The Kinloch Fire Protection District did not submit financial information to the State Auditor for the year ended December 31, 1999. The assessed valuation and tax levies for 1999 and 1998 are as follows:

	<u>1999</u>	<u>1998</u>
Assessed Valuation	\$ 3,902,179	3,797,109
Tax Levies (per \$100 assessed valuation)		
Maintenance (General)	0.51	0.00
Dispatching	<u>0.03</u>	<u>0.00</u>
Total	\$ <u>0.54</u>	<u>0.00</u>

8. Interfund Transfers

Various transfers between funds were made during 1999. It appears that the General Fund is supplementing other funds which may impact the financial position reported. The transfers made between the various funds are as follows:

Year Ended December 31, 1999						
District	General Fund	Ambulance Fund	Dispatching Fund	Pension Fund	Debt Service	Capital Projects
Affton	\$ 0	0	0	0	0	0
Black Jack	(77,597)	0	0	0	0	77,597
Chesterfield	(231,965)	(200,000)	0	0	0	431,965
Community	0	0	0	0	0	0
Creve Coeur	0	0	0	0	0	0
Eureka	(300,000)	0	0	0	0	300,000
Fenton	0	0	0	0	0	0
Florissant Valley	0	0	0	0	0	0
Lemay	0	0	0	0	0	0
Maryland Heights	(304,059)	304,059	0	0	0	0
Mehlville	157,200	(157,200)	0	0	0	0
Metro West	(1,732,919)	(600,169)	0	0	0	2,333,088
Mid-County	178,898	(191,000)	12,102	0	0	0
Moline	0	0	0	0	0	0
Normandy	0	0	0	0	13,595	(13,595)
Pattonville/Bridgeton Terrace			(Note 6)			
Riverview	0	0	0	0	0	0
Robertson	(65,684)	65,684	0	0	0	0
Spanish Lake	0	0	0	0	0	0
Valley Park	0	0	0	0	0	0
West County EMS	(3)	3	0	0	0	0
West Overland	0	0	0	0	0	0
Total	\$ (2,376,129)	(778,623)	12,102	0	13,595	3,129,055

APPENDICES

Appendix A

REVIEW OF INDEPENDENT AUDITS OF FIRE PROTECTION DISTRICTS IN ST. LOUIS COUNTY SUMMARY OF MANAGEMENT LETTER COMMENTS ISSUED BY AUDITORS IN CONNECTION WITH THE AUDITS OF THE YEAR ENDED DECEMBER 31, 1999

The following is a summary of the various comments contained in those management letters received by the State Auditor for audits of the year ended December 31, 1999. These comments apply to individual fire protection districts unless otherwise noted. The comments extracted from the management letters were not verified by the State Auditor's office via additional audit procedures for accuracy, validity, or completeness.

Revenues/Receipts

- Delinquent taxes received were allocated to the respective funds based on the levy in place the year the taxes were assessed. The difference between this levy and the prior year levy is often not material enough to warrant the necessary time to perform the calculation.
- Ambulance fees were deposited in the General Fund.
- The number of badges and patches sold was not reconciled to cash collected.
- Consideration should be given to having future contributions from the public made to the volunteer association thereby providing the donor with a tax deduction.

Expenditures/Purchasing

- Several invoices could not be located.
- The amount transferred from the Ambulance Fund to the General Fund for emergency medical call reimbursement has not been reviewed for possible revision in recent years.
- Invoices were not canceled or stamped paid after payment was made.
- There was not adequate segregation of duties for the cash disbursement process.
- The board did not formally approve transfers to the Capital Projects Fund.
- There was not a formal written purchasing policy.

Accounting Records and Procedures

- Accounting personnel were not fully cross-trained on significant accounting functions.
- One individual was mostly responsible for the processing of each activity.
- Two districts did not have a written accounting procedures manual.
- Monthly financial information prepared by a district's accountant for the year 2000 did not include balance sheet information. In addition, the monthly financial information did not indicate the date of the financial information.
- Monthly financial information did not include balance sheet information and did not indicate the date of the financial information.
- Several monthly board reports were manually prepared, including a total analysis of actual activity compared to the budget. Having reports generated from the same processing system that maintains all financial activity assures reports are accurately prepared, and are completed on a more efficient basis. Additionally, a budget report that details, on a monthly basis, differences between budget and actual for each budget line item, expenditures as well as revenue, is information that management should be receiving on a monthly basis.
- A district did not receive its financial information, including journals, general ledgers, bank reconciliations and monthly financial statements from its accounting records service provider in a timely manner.
- Copies of basic source documents that supported the financial statement amounts including, but not limited to, general ledgers, transaction registers, general journal entries, and bank reconciliations were not provided.
- The fund balance in the General Fund was not fully reconciled with the audited financial statements of the prior year.
- Audit adjustments from the prior year were not recorded timely and accurately.
- Accounting procedures were inadequate and several errors at December 31, 1999, were noted by the auditor.
- A district's accountant did not comply with the applicable professional standards for presenting prospective financial information, as promulgated by the American Institute of Certified Public Accountants.
- An auditor encountered numerous difficulties in connection with performing the audit of a district's financial statements.
- A district's accountant was unable to provide details or explanations as to the composition of the accounts payable balance.

Investments and Pensions

- Investment earnings were not maximized.
- A district received stock from an insurance company. The Missouri Constitution, Article VI, Section 23, prohibits ownership of stock in corporations. The amounts involved were immaterial to the district.
- Changes from the quarterly investment statements were not recorded on the internal financial statements.
- Significant errors in connection with the accounting for a district's pension trust fund were noted.

Fixed Assets and Capital Leases

- A detailed permanent record of fixed assets was not maintained in five districts.
- Corrective action for specific internal control matters relating to the care, custody and control of the fixed assets as noted in previous recommendations had not been taken.
- A long-term plan for capital replacement and acquisition had not been formally established.
- A district should consider the appropriateness of continuing to maintain a capital projects fund in light of current plans for the acquisition of major fixed assets.
- Capital leases were not accounted for properly .

Budgets

- In five districts the budget document did not contain all of the required components as specified by Chapter 67 RSMo.
- The budget did not contain provisions to eliminate the deficit fund balance at the beginning of the year in the Ambulance Fund.
- The 1999 budget included budgeted interfund transfers; however, the revised budgeted transfers did not net to zero.
- Actual expenditures exceeded budgeted expenditures in various funds for eight districts.
- A budget was not prepared for the Capital Projects Fund.

- Budgeted expenditures exceeded revenues plus fund balance from the beginning of the year for the Ambulance Fund.

Payroll

- No individual reviewed the payroll data before it was processed.
- The vacation policy did not clearly document how vacation time can be earned or if vacation time can be carried forward into the following year.

Pledged Securities

- Deposits were under collateralized in two districts.

Unclaimed Property

- Several checks outstanding for over one year were written off, but had not been turned over to the state under the Unclaimed Property law.

GASB 34

- It was recommended that nine districts plan for the adoption of Governmental Accounting Standards Board, Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments.

Fund Deficit

- Two districts had cumulative fund deficits at December 31, 1999, in the Ambulance Fund.
- A district's financial statements before audit adjustments reflected a fund deficit in the Ambulance Fund.

RSMo 321.015

- A district's accountant served as a fire protection district director for another St. Louis County fire protection district which appeared to violate RSMo 321.015.

Appendix B

Title 15—ELECTED OFFICIALS

Division 40—State Auditor Chapter 4—Audits of Fire Protection Districts in St. Louis and Greene Counties

15 CSR 40-4.010 Requirements for Districts

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth requirements to be met directly by the district.*

(1) The district is responsible for preparing and providing financial information to be included in the audit report. The district shall maintain adequate accounting records for that purpose. These records may be maintained on the bases of accounting deemed appropriate by the district but the records shall provide adequate information to allow the district to report in accordance with generally accepted accounting principles.

(2) The district shall engage an independent auditor to conduct the audit. The state auditor does not recommend, select or approve the district's auditor or the auditor's fee, except as provided in 15 CSR 40-4.010(4). The district is responsible for fulfilling all contractual obligations with the auditor, including payment of all earned fees.

(3) The district shall require from the independent auditor an engagement letter which sets out all essential particulars. A copy of the engagement letter shall be submitted to the state auditor for his/her review before commencement of audit fieldwork. The purpose of this review is to provide reasonable assurance that the district has contractually committed an auditor to provide services to satisfy requirements of 15 CSR 40-4. The contents of this letter should include, but are not limited to:

(A) Period for which the financial statements are audited;

(B) Purpose of the audit;

(C) Scope of the audit, including consideration of the internal control structure and tests of compliance with applicable laws and regulations;

(D) Provisions that the auditor will communicate, in writing, to the district material weaknesses or reportable conditions in the internal control structure, instances of non-compliance with applicable laws and regulations and other areas of possible improvement;

(E) Provision that all workpapers, etc., will be made available to the state auditor for his/her review upon his/her request;

(F) Provision that the auditor will comply with applicable rules issued by the state auditor under 15 CSR 40;

(G) Provision that the auditor will discuss with the district any factors s/he may discover which would prevent him/her from issuing an unqualified opinion on the financial statements and allow the district and the auditor the opportunity to arrive at a resolution acceptable to both;

(H) Statement of the auditor's responsibility for detection of errors, irregularities and illegal acts; and

(I) The estimated cost of the audit and the rates which are the basis for that estimate.

(4) The district must file a copy of the completed audit report with the state auditor within six (6) months after the close of the audit period. If any audit report fails to comply with promulgated rules, the state auditor will notify the district and specify the defects. If the specified defects are not corrected within ninety (90) days from the date of the state auditor's notice to the district, or if a copy of the required audit report has not been received by the state auditor within the specified time, the state auditor will make, or cause to be made, the required audit at the expense of the district.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.020 Standards for Auditing and Financial Reporting

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth standards for the auditing and financial reporting of the district.*

(1) The independent auditor shall meet all requirements of Chapter 326, RSMo. The auditor must be able to demonstrate that s/he meets the independence criteria contained in the code of professional ethics and rules of conduct promulgated by the Missouri State Board of Accountancy.

(2) The independent auditor shall provide to the state auditor reasonable notification of any entrance or exit conferences held with the district. This notification shall be sufficiently

in advance to allow the state auditor to attend the entrance or exit conference at his/her discretion. Upon request, the independent auditor shall provide a draft copy of the audit report and management letter to the state auditor prior to the exit conference.

(3) The audit shall conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(4) The financial statements, supplementary data and accompanying notes shall be presented in conformity with generally accepted accounting principles.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.030 Contents of Audit Reports

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule describes required and suggested information to be included in the audit reports.*

(1) Standards for auditing and financial reporting of fire protection districts are given in 15 CSR 40-4.020.

(2) All audit reports shall contain:

(A) A table of contents;

(B) A report on the financial statements;

(C) Combined financial statements and appropriate note disclosures;

(D) Other financial information which includes, but is not limited to, the following:

1. Supplemental schedule of expenditures/expenses by object, if not included in the financial statements;

2. Tax rates and assessed valuation;

3. Schedule of insurance in force which shall include, in addition to other information, the agent for each policy; and

4. Principal officeholders who held office during the period under audit, compensation received by each official in performance of his/her duty and all other compensation or reimbursement of expenses made by the district to each officeholder; and

Appendix B

(E) A report on the consideration of the internal control structure, a report on the tests of compliance with applicable laws and regulations and a management letter communicating areas of possible improvement not otherwise reported. The required scope of audit for the reports and management letter is set forth in 15 CSR 40-4.040(3). The reports and management letter shall include the findings and recommendations, if any, which the auditor developed during his/her audit and the district's responses to those findings and recommendations. The reports and management letter shall also indicate the nature of previous recommendations and the extent to which the district has implemented those recommendations.

(3) If the district or the auditor deems it appropriate, audit reports may contain or utilize the following:

(A) A history and organization section prepared by the district (unaudited);

(B) Comparative financial data for one (1) or more years; and

(C) Other statements, exhibits, schedules or analyses as deemed necessary or appropriate by the district or the auditor.

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

15 CSR 40-4.040 Scope of Audit

PURPOSE: *The state auditor has authority to establish standards and reporting requirements for audits performed on fire protection districts in St. Louis and Greene Counties. This rule sets forth the scope of the audit.*

(1) Nothing in the rules promulgated for audits of fire protection districts shall be construed as restricting, limiting or relieving the independent auditor of his/her professional judgment or responsibility.

(2) The audit shall include those tests of the accounting records and other auditing procedures which the independent auditor considers necessary in the circumstances to conform to the standards for auditing of governmental organizations, programs, activities and functions as established by the comptroller general of the United States.

(3) As part of the audit described in section (2), the auditor will obtain an understanding of the internal control structure, assess control risk and report any material weaknesses or reportable conditions. The auditor will also test compliance with applicable laws and regulations and report all material instances of noncompliance. As a part of, or in addition to, audit tests or procedures which may be necessary for the audit, the auditor shall—

(A) Review systems, procedures and management practices, including:

1. Review cash management practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

2. Evaluate the purchasing function to the extent necessary to determine that the district generally receives fair value, for example, bidding of significant purchases; that purchases generally represent items consistent with the function of the district; and that there is not significant likelihood of misuse or misappropriation of the district's resources through the purchasing process;

3. Review fixed asset records and procedures to the extent necessary to determine that fixed assets are properly recorded, physically controlled and in the possession of the district;

4. Review fidelity bond coverages to determine that all persons with access to assets of the district appear covered in sufficient amounts;

5. Evaluate the budgeting practices to the extent necessary to determine whether significant improvements appear practicable and economically justifiable;

6. Review related party transactions;

7. Review evaluate other areas as required by the district; and

8. Review significant areas or matters which come to the attention of the auditor;

(B) The auditor will note areas of possible improvement in the district's systems, procedures and management practices. In evaluating district systems, procedures and management practices, the auditor should consider whether improvements appear practicable and economically justifiable.

(C) Test compliance with applicable laws and regulations, including:

1. Design the audit to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statements;

2. Be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements; and

3. Test compliance with other legal provisions as s/he deems necessary or appropriate in the circumstances.

(D) Legal provisions which the auditor should consider in his/her audit include, but are not limited to, the following:

1. Article III, Sections 38(a) and 39(3) and Article VI, Section 25, *Constitution of Missouri* limitations on use of funds and credit;

2. Article VI, Section 26, *Constitution of Missouri* limitations on indebtedness without popular vote;

3. Article VI, Section 29, *Constitution of Missouri* application of funds derived from public debts;

4. Article VII, Section 6, *Constitution of Missouri* penalty for nepotism;

5. Chapter 67, RSMo budgetary requirements;

6. Sections 70.210 to 70.230 and Section 432.070, RSMo contracts;

7. Section 105.145, RSMo annual report;

8. Chapter 105, RSMo conflict of interest;

9. Chapter 108, RSMo bond issues;

10. Chapter 321, RSMo fire protection districts;

11. Other applicable portions of the *Constitution of Missouri* and the *Missouri Revised Statutes*;

12. Applicable sections of *Code of State Regulations*; and

13. Other applicable legal provisions.

(4) The auditor shall report on the reviews and examinations required by this rule in a management letter as set forth in 15 CSR 40-4.030 (2)(E).

*Auth: section 321.690, RSMo (Cum. Supp. 1993). * Original rule filed May 12, 1978, effective Sept. 11, 1978. Amended: Filed Dec. 2, 1985, effective Feb. 13, 1986. Amended: Filed June 14, 1994, effective Nov. 30, 1994.*

**Original authority 1977, amended 1981, 1986, 1991, 1993.*

Missouri Revised Statutes

**Chapter 321
Fire Protection Districts
Section 321.690**

August 28, 1998

Audits to be performed, when--rules established by state auditor (Christian County fire protection districts exempt from audits).

321.690.

1. In counties of the first classification having a charter form of government and having more than nine hundred thousand inhabitants and in counties of the first classification which contain a city with a population of one hundred thousand or more inhabitants which adjoins no other county of the first classification, the governing body of each fire protection district shall cause an audit to be performed consistent with rules and regulations promulgated by the state auditor.

2. (1) All such districts shall cause an audit to be performed biennially. Each such audit shall cover the period of the two previous fiscal years.

(2) Any fire protection district with less than fifty thousand dollars in annual revenues may, with the approval of the state auditor, be exempted from the audit requirement of this section if it files appropriate reports on its affairs with the state auditor within five months after the close of each fiscal year and if these reports comply with the provisions of section 105.145, RSMo. These reports shall be reviewed, approved and signed by a majority of the members of the governing body of the fire protection district seeking exemption.

3. Copies of each audit report must be completed and submitted to the fire protection district and the state auditor within six months after the close of the audit period. One copy of the audit report and accompanying comments shall be maintained by the governing body of the fire protection district for public inspection at reasonable times in the principal office of the district. The state auditor shall also maintain a copy of the audit report and comment. If any audit report fails to comply with the rules promulgated by the state auditor, that official shall notify the fire protection district and specify the defects. If the defects specified are not corrected within ninety days from the date of the state auditor's notice to the district, or if a copy of the required audit report and accompanying comments have not been received by the state auditor within six months after the end of the audit period, the state auditor shall make, or cause to be made, the required audit at the expense of the fire protection district.

4. The provisions of this section shall not apply to any fire protection district based and substantially located in a county of the third classification with a population of at least thirty-one thousand five hundred but not greater than thirty-three thousand.

(L. 1977 H.B. 216, A.L. 1981 S.B. 200, A.L. 1986 H.B. 877, A.L. 1991 S.B. 34, A.L. 1993 H.B. 177 and S.B. 346, A.L. 1998 H.B. 1847)